

FINANCING AGREEMENT

This Financing Agreement (the "Agreement") is entered into by and between the Redevelopment Agency of the County of San Bernardino, a public body, corporate and politic (the "Agency") and the County of San Bernardino, a municipal corporation (the "County"), on the basis of the following facts, intentions and purposes.

RECITALS

A. These Recitals refer to and utilize certain capitalized terms that are defined in Article I of this Agreement.

B. Pursuant to the Community Redevelopment Law, the Agency has prepared and the County has adopted various Redevelopment Plans. The Redevelopment Plans provide for the use of the redevelopment process to assist in financing Public Improvements in the Project Areas. Copies of the Redevelopment Plans and the accompanying Reports on the Redevelopment Plan are on file with the Agency Secretary and are incorporated in this Agreement by this reference.

C. The parties agree that the County possesses the administrative and legal resources and capability to assist the Agency in implementing the objectives of the Redevelopment Plans with regard to the Public Improvements and the County is prepared to make such administrative and legal resources and capability available to the Agency in accordance with the provisions of the Agreement.

D. The Agency is vested with the responsibility for administering the Redevelopment Plans.

E. With execution of this Agreement the County is appropriating the County Loan to the Agency for the purpose of administering and implementing the Redevelopment Plans and funding the activities of the Agency.

F. The County Loan will be used by the Agency to fund staff costs, expenses, overhead costs, consultants' contract costs, use of County facilities, and other related expenses in the administration of the Redevelopment Plans.

NOW, THEREFORE, the County and the Agency agree as follows:

ARTICLE 1

DEFINITIONS

Section 1.1 General Definitions

The following general definitions shall govern this Agreement:

(a) "Agency" means the Redevelopment Agency of the County of San Bernardino, California.

(b) "Agreement" means this Financing Agreement.

- (c) "County" means the County of San Bernardino, California.
- (d) "County Loan" means the advances of funds made by the County on behalf of the Agency to pay for General Administrative costs for the Redevelopment Plans.
- (e) "Community Redevelopment Law" means the California Community Redevelopment Law (Health and Safety Code Section 33000 *et seq.* as amended)
- (f) "Fiscal Year" means the period commencing on July 1 and ending the following June 30.
- (g) "General Administrative Costs" means the Agency's reasonable costs related to accounting, reporting, statutory compliance, conduct of Agency meetings, administration of this Agreement, statutory pass-through payments and other similar matters necessary for the general administration of the Redevelopment Plans.
- (h) "Housing Fund" means the Agency's Low and Moderate Income Housing Fund established pursuant to Health and Safety Code Section 33334.3, into which the Agency is required to make annual deposits pursuant to Health and Safety Code Sections 33334.2.
- (i) "Net Public Improvements Tax Increment Revenue" for a given Fiscal Year means Tax Increment for that Fiscal Year Received by the Agency from the County Auditor-Controller less the sum of the following amounts for that Fiscal Year:
- (i) the amount owed by the Agency to the County pursuant to the provisions of Revenue and Taxation Code Section 97 (or any successor statute) for property tax collection services;
 - (ii) the deposits to the Housing Fund required pursuant to Health and Safety Code Sections 33334.2;
 - (iii) any other payments mandated to be made by the Agency pursuant to the Community Redevelopment Law or other applicable statute;
 - (iv) the amounts required to be paid by the Agency pursuant to the terms of Health and Safety Code Section 33607.7 (regarding statutory pass-through payments);
 - (v) the amount required to repay the County Loan; and
 - (vi) payments by the Agency of principal, interest, and any other amounts due during the Fiscal Year, and any prepayments of principal or interest (including premiums paid thereon) made during the Fiscal Year, with respect to any indebtedness or other costs issued or incurred by the Agency for the purpose of financing or refinancing the activities of the Redevelopment Plans which is in whole or in part payable from or secured by a pledge of Tax Increment Revenue from the Project Areas.
- (j) "Project Areas" means the areas over which the Agency has redevelopment authority pursuant to the Redevelopment Plans.

(k) "Redevelopment Plans" means the Redevelopment Plan for the San Sevine Redevelopment Project adopted by the County on December 19, 1995, by Ordinance No. 3631 as such Plan may be amended from time to time; the Mission Boulevard Joint Redevelopment Project Area Plan adopted by the County on July 8, 2003, by Ordinance No. 3895 as such Plan may be amended from time to time; and the Victor Valley Economic Development Authority Plan adopted by the County on December 28, 1993, by Ordinance No. 2 as such Plan may be amended from time to time.

(m) "Tax Increment Revenue" means those taxes to which the Agency is entitled to claim and have allocated to it pursuant to the provisions of the Redevelopment Plans.

ARTICLE 2

COUNTY LOAN

Section 2.1 County Loan

The County hereby agrees to advance to the Agency the County Loan for the purpose of paying General Administrative Costs. The County shall advance the County Loan to the Agency from time to time in amounts necessary to pay the General Administrative Costs as such costs are incurred by the Agency. The County loan shall be in the amount of \$1,860,000. In the event the County disburses additional funds for the payment of General Administrative Costs, such funds shall be added to the principal balance of the County Loan and shall become a debt of the Agency.

Section 2.2 Loan Repayment

(a) Loan Repayment Terms. The Agency hereby pledges to repay the County Loan to the County using Tax Increment Revenue from the Project Area. The County Loan shall bear interest at the rate of one percent (1%) per annum above the reference rate earned by the County's pooled investments as determined by the Treasurer-Tax Collector, from time to time. The outstanding principal balance of the County Loan shall bear interest from the date loan funds were advanced by the County on behalf of the Agency until such time as the County Loan is paid in full. In the event the Tax Increment Revenues from the Project Area are insufficient to repay the portion of the County Loan used for General Administrative Costs, the Agency is under no obligation to the County to make such repayment from any other funds or resources it may have or acquire. County understands that its rights to repayment will be subordinated to certain Agency indebtedness as described in Section 4.1.

(b) The Agency reserves the right to use bond proceeds, if available, to repay the County loan.

(c) Term. The Term of the County Loan shall begin as of the date of this Agreement and shall continue until the full amount of the County Loan with interest is repaid. It shall be the intent that the County loan will be repaid in the fiscal year that it is made.

ARTICLE 4

GENERAL PROVISIONS

Section 4.1 **Indebtedness of Agency**

The obligations of the Agency to make payments to the County as specified in this Agreement shall constitute indebtedness of the Agency incurred in carrying out the activities under the Redevelopment Plan and a pledge of Tax Increment Revenue from the Project Area to repay such indebtedness under the provisions of Section 16 of Article XVI of the Constitution of the State of California and under the Community Redevelopment Law. The indebtedness created by this Agreement is separate from and in addition to any prior debts the Agency may have incurred to the County with respect to loans, advances or services made or provided to the Agency in any Fiscal Year prior to Fiscal Year 1997-98.

The obligations of the Agency to make payments to the County as specified in this Agreement are expressly subordinated to any and all payments necessary to satisfy the Agency's obligations in connection with bonded indebtedness secured in whole or in part by an Agency pledge of Tax Increment Revenue. The County Administrative Officer, on behalf of the County, shall execute such documents as may be required to evidence the subordination of payments provided for in this Agreement.

Section 4.2 **Default**

Failure or delay by either party to perform any term or provision of this Agreement constitutes a default under this Agreement. The injured party shall give written notice of default to the defaulting party and no action may be instituted against the defaulting party until thirty (30) days after giving such notice. Failure or delay in giving such notice shall not constitute a waiver of default.

Upon receipt of written notice of default, the defaulting party must immediately commence to cure, correct, or remedy such default and shall complete such cure, correction or remedy with reasonable diligence. If the defaulting party fails to commence to cure, correct or remedy the default within thirty (30) days of receipt of the written notice of default, the injured party may exercise any rights at law or in equity to remedy the default.

Section 4.3 **Title of Parts and Sections**

Any title of the parts, sections or subsections of this Agreement is intended for convenience of reference only and shall be disregarded in construing or interpreting any part of its provisions.

Section 4.4 **Applicable Law**

The laws of the State of California shall govern the interpretation of this Agreement.

Section 4.5 **Severability**

If any provision of this Agreement is determined to be unenforceable for any reason, all other provisions shall be deemed valid and enforceable to the greatest extent possible.

Section 4.6 **Amendments**

This Agreement may be amended by the parties at anytime.

County of San Bernardino

**Redevelopment Agency of the
County of San Bernardino**

Dennis Hansberger, Chairman,
Board of Supervisors

Chairman, Board of Directors

Dated: _____

Dated: _____

SIGNED AND CERTIFIED THAT A COPY
OF THIS DOCUMENT HAS BEEN
DELIVERED TO THE CHAIRMAN OF THE
BOARD OF DIRECTORS

Secretary of the Board of Directors
of the Redevelopment Agency of the
County of San Bernardino

By _____